



Workshop on the Economics of Fixed Book Price Systems

Fixed e-book prices and e-book piracy

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Fixed price for e-books?

Study for Dutch government: should we extend FBP to ebooks?

Poort & van Eijk (2015). Digital fixation. *Int. J. Cult. Pol.*

- At the time, the legal feasibility was doubtful
- If you consider the e-book market a separate market, the economic arguments pro FBP (valid or not) do not apply:
 - ~~wide network of well-stocked bookstores (accessibility/proximity)~~
 - ~~compensate stock disadvantage smaller stores~~
 - ~~deliberate cross-subsidization between titles at retail level~~

Fixed price for e-books?

- Remaining arguments:
 - Low price for e-books erodes prices for print
 - Fixed price for e-books helps bookstores to gain some market share in e-book market, which helps them survive for print
 - Introduces e-to-p-cross-subsidization and stalls digitization to slow down demise of bookstores
 - What again are we doing this for: to help bookstores or to improve readership & access to a books?
- Publisher perspective:
 - Benefit as a group from diverse/fragmented retail market (anti-Amazon-argument)
 - But have individual incentive to circumvent
 - Lending, streaming, enhancing (so that it is no longer technically a book)
 - Enforcement may imply a ban on bundling, all-you-can-eat subscriptions...
 - Forbidding such practices stifles innovation.

Global online piracy study

Research questions

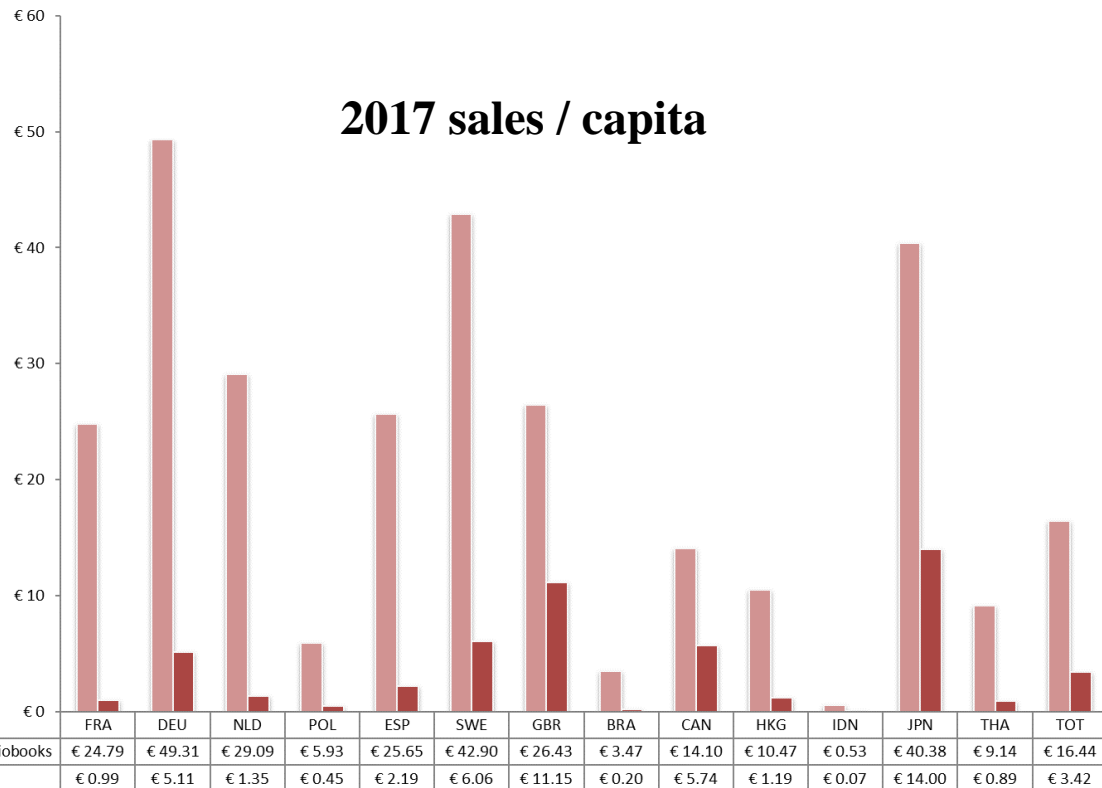
- State of authorised and unauthorised acquisition and consumption of content
- Underlying motivations, esp. link enforcement, legal supply
- Effect of online piracy on consumption from legal sources

- France, Germany, Netherlands, Poland, Spain, Sweden, UK, Hong Kong, Indonesia, Japan, Thailand, Brazil, Canada
- Content types: music, films/series, games, books
- Channels:
 - Authorised: live venues, physical carriers, downloads, streams, merchandise
 - Unauthorised: downloads, streams, streaming via technical devices (kodi), streamripping

- Current study financed by Google. Earlier studies for Dutch government, ISPs, film industry, EC.

Global online piracy study – legal consumption

- Books have been more resilient to digitization than other media types.
- Nonetheless, growth is in e-books.

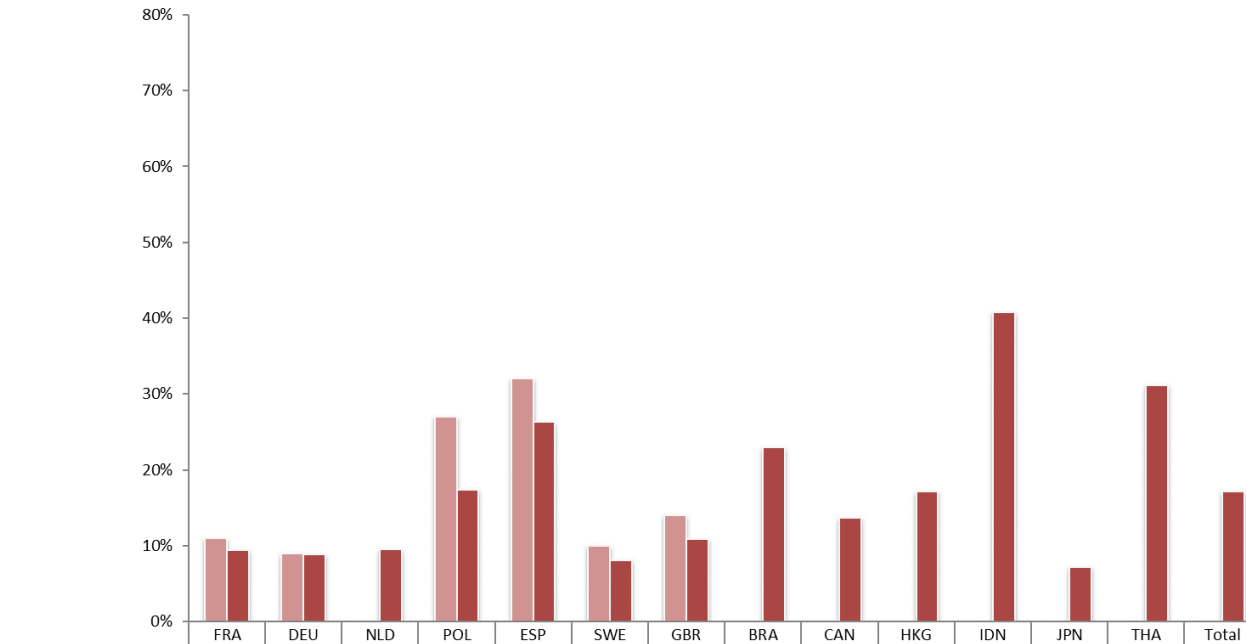
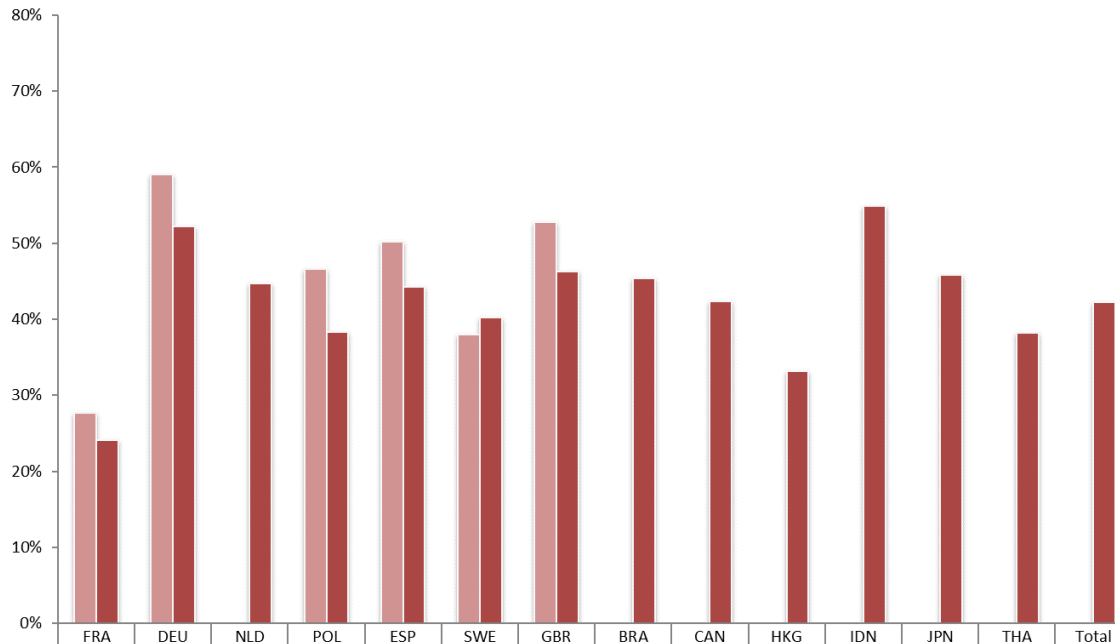


Global online piracy study – piracy and pirates

- Market base for legal purchases is declining in most of Europe
- Book piracy declining slightly, but not at much as for music and AV

Acquired a book, e-book or audiobook via any legal channel (last year)

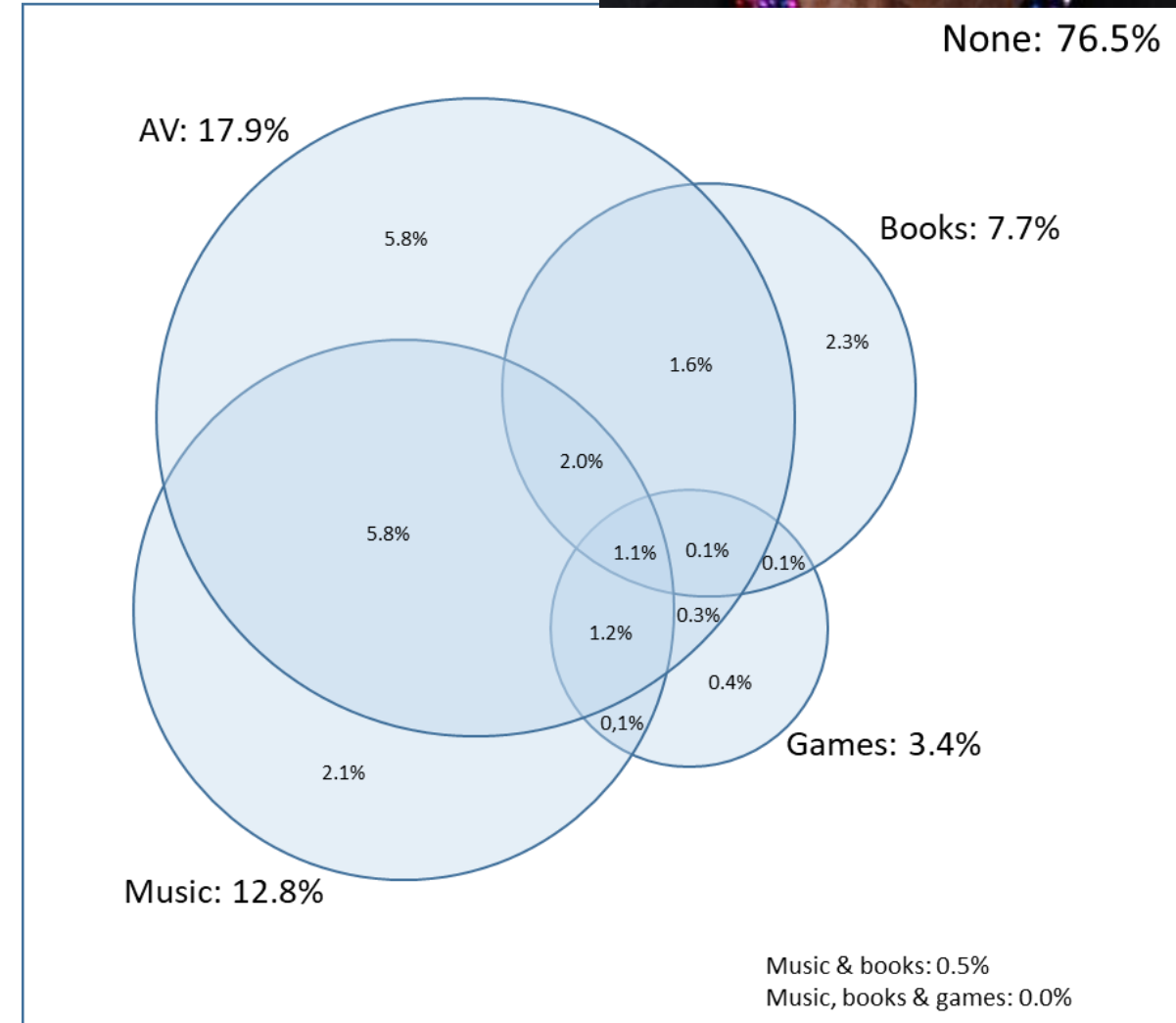
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Global online piracy study – The Netherlands

- Increase in e-book piracy between 2012-2017
- Many pirates are omnivores, but a relatively large number only pirate AV or books
→ inadequate legal supply?
- Piracy rate also increasing > 50 years, among higher educated; women are catching up
→ Average pirate more and more like average reader



Conclusions

- While piracy is decreasing in most EU countries for music and AV (Spotify- and Netflix-effect), there is much less of a decrease or even an increase for books
 - Book pirates are more and more your average reader, who can afford to buy
 - Estimated displacement rate relatively high for books (even though not significant for minors): possibly due to time budget constraint
- The publishing industry needs to innovate and offer flat-rate bundles for e-books, like the music and AV-industry did

	Music	Audio-visual	Books	Games
Displacement rate	-0.65**	-0.136	-1.195**	-1.963*
Standard error	0.30	0.301	0.580	1.029
95% confidence interval	-1.23 ~ -0.06	-0.73 ~ 0.45	-2.33 ~ -0.06	-3.98 ~ 0.05
N	14,712	16,289	11,878	10,567

Thank you!